ACT #2025 - 414

SB177

ZQ2MMKR-2

By Senators Bell, Gudger, Smitherman, Waggoner, Kelley, Stewart, Figures, Livingston, Price, Singleton, Chambliss, Barfoot, Allen, Chesteen, Sessions, Butler, Carnley, Williams, Stutts, Roberts

RFD: Fiscal Responsibility and Economic Development

First Read: 18-Feb-25

MAY - 7 2025
RECEIVED
GOVERNOR'S OFFICE

Enrolled, An Act,

Relating to the Entertainment Industry Incentive Act of 2009; to amend Sections 41-7A-1, 41-7A-42, 41-7A-43, as last amended by Act 2024-406 of the 2024 Regular Session, and Section 41-7A-48, Code of Alabama 1975, to rename the Alabama Film Office the Alabama Entertainment Office; to include music albums as a qualified production; to set minimum expenditure limits for music albums to qualify for incentives; to increase the annual cap on incentives; to set aside a portion of the incentives annually for music albums; and to allow a portion on unspent incentives to be carried forward.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 41-7A-1, 41-7A-42, 41-7A-43, as last amended by Act 2024-406 of the 2024 Regular Session, and Section 41-7A-48, Code of Alabama 1975, are amended as follows:

"§41-7A-1

On September 1, 1995, the management of the Alabama ~~Film~~Entertainment Office shall be vested in a director who shall be appointed by the secretary of the department and shall serve at his or her pleasure. The salary shall be established by the secretary of the department and approved by the Governor. The director shall have the same rights, privileges, benefits, and membership status in the Employees' Retirement System as other unclassified employees in the state service."

"§41-7A-42

For purposes of this article, the following terms have the following meanings:

(1) COMPANY. A corporation, partnership, limited liability company, or any other business entity.

(2) DEPARTMENT. The Alabama Department of Commerce.

(3) ENTERTAINMENT INDUSTRY. Those persons or entities engaged in the production of entertainment content as defined under paragraph (8)a.

(4) EXPENDED IN ALABAMA. In the case of tangible property, property which is acquired or leased from a source within the State of Alabama; in the case of services, services performed for a qualified production project in the State of Alabama.

(5) OFFICE. The Alabama ~~Film~~Entertainment Office.

(6) PAYROLL. All salary, wages, and other compensation, including related benefits, including specifically, but not limited to, compensation and benefits provided to resident and nonresident producers, directors, writers, actors, and other personnel involved in qualified production projects in Alabama.

(7) PRODUCTION EXPENDITURES.

a. The term includes preproduction, production, and postproduction expenditures incurred in the State of Alabama that are directly used in a state-certified production, including, but not limited to, the following: Set construction and operation, wardrobe, makeup, set accessories, and related services; costs associated with photography and sound synchronization, lighting, and related services and materials; editing and related services; rental of facilities and equipment; leasing of vehicles; costs of food and lodging; costs of catering; digital or tape editing, film processing, transfer of film to tape or digital format; transfer direct to DVD, cable, or satellite for distribution; sound mixing, special and visual effects including duplication, film processing digital, DVD, music composition, and satellite distribution; total aggregate payroll; music; airfare; insurance costs of bonding; or other similar production expenditures as determined by rule or regulation.

b. The term includes financial contributions or educational or workforce development in partnership with related educational institutions, or local industry organizations, or both, contributed toward the furtherance of the local entertainment media industries.

c. The term does not include postproduction expenditures for marketing or any amounts that are paid to persons or entities as a result of their participation in profits from the exploitation of a motion picture production.

(8) QUALIFIED PRODUCTION.

a. The term means entertainment content created in whole or in part within the state, including motion pictures; soundtracks for motion pictures; documentaries; long-form, specials, miniseries, series, sound recordings, music albums, videos and music videos, and interstitials television programming; interactive television; interactive games; video games; commercials; infomercials; any format of digital media, including an interactive website that is intended for national or international distribution or exhibition to the general public; and any trailer, pilot, video teaser, or demo created primarily to stimulate the sale, marketing, promotion, or exploitation of future investment in either a product or a qualified production via any means and media in any digital media format, film, or videotape, provided such program meets all the underlying criteria of a qualified production.

b. The term does not include any ongoing television program created primarily as news, weather, or financial market reports, a production featuring current events, sporting events, an awards show or other gala event, a production whose sole purpose is fundraising, a long-form production that primarily markets a product or service, a production used for corporate training or in-house corporate advertising or other similar productions; nor does the term include any production for which records are required to be maintained under 18 U.S.C. § 2257 with respect to sexually explicit content; nor does the term mean or include any form of gambling, gaming, wagering, or pari-mutuel wagering activity or enterprise.

(9) QUALIFIED PRODUCTION COMPANY.

a. The term means a company engaged in the business of producing a qualified production, as that term is defined.

b. The term does not mean or include any company owned, affiliated, or controlled, in whole or in part, by any company or person that is in default on a loan.

(10) RESIDENT OF ALABAMA. A natural person and, for the

purpose of determining eligibility for the incentives provided by this article, any person domiciled in the State of Alabama and any other person who maintains a permanent place of abode within the state and spends in the aggregate more than six months of each year within the State of Alabama.

(11) STATE-CERTIFIED PRODUCTION. A qualified production approved by the office, produced by a qualified production company."

"§41-7A-43

(a) Beginning January 1, 2009, a qualified production company shall be entitled to a rebate for production expenditures, as defined in Section 41-7A-42(7), related to a state-certified production. The rebate shall be equal to 25 percent of the state-certified production's production expenditures excluding payroll paid to residents of Alabama plus 35 percent of all payroll paid to residents of Alabama for the state-certified production, provided the total production expenditures for a project must equal or exceed at least five hundred thousand dollars ($500,000), but no rebate shall be available for production expenditures incurred after the first twenty million dollars ($20,000,000) of production expenditures expended in Alabama on a state-certified production.

(b) A single episode in a television series or miniseries may be considered a single production project for purposes of this section. However, in determining the total production expenditures incurred by a qualified production company on a qualified production, the total production expenditures of a television series or miniseries, whether a single season or multiple seasons thereof, to be filmed within a period of 12 consecutive months, each individual episode of which separately and independently meets the definition of a qualified production, may be aggregated to meet the monetary requirements set forth in subsection (a) as long as each individual episode within the series pertains to the same subject as the other episodes in the series.

(c) A single commercial may be considered a single production project for purposes of this section. However, in determining the total production expenditures incurred by a qualified production company on a qualified production, the total production expenditures of a series of commercials to be filmed within a period of 12 consecutive months, each of which separately and independently meets the definition of a qualified production, may be aggregated to meet the monetary requirements set forth in subsection (a) as long as each individual commercial within the series pertains to the same subject as the other commercials in the series and was planned as part of a series of commercials to be filmed within a period of 12 consecutive months at the time the qualified production company applied for the incentives.

(d) A qualified production company shall be entitled to the rebate for production expenditures as provided in subsection (a) for a qualified project that is limited only to the production of a soundtrack used in a motion picture or documentary, provided that the production expenditures for the soundtrack project must equal or exceed at least fifty thousand dollars ($50,000), but no rebate shall be available for production expenditures incurred after the first three hundred thousand dollars ($300,000) of production expenditures expended in Alabama.

(e) A qualified production company shall be entitled to the rebate for production expenditures as provided in subsection (a) for a qualified project that is limited only to the production of a music video, provided that the production expenditures for the music video equal or exceed fifty thousand dollars ($50,000), but no rebate shall be available for production expenditures incurred after the first two hundred thousand dollars ($200,000) of production expenditures expended in Alabama.

(f) A qualified production company shall be entitled to the rebate for production expenditures as provided in subsection (a) for a qualified project that is limited only to the production of a music album, provided that the production expenditures for the music album equal or exceed thirty thousand dollars ($30,000), but no rebate shall be available for production expenditures incurred after the first two hundred thousand dollars ($200,000) of production expenditures expended in Alabama.

~~(f)~~ (g) The rebate described in this section may be applied to offset any income tax liability applicable to a qualified production company for the tax year in which production activity in Alabama on the state-certified production concludes.

~~(g)~~ (h) If the rebate available under this section exceeds a qualified production company's Alabama income tax liability for the tax year in which production activity in Alabama concludes on the state-certified production, the excess of the rebate over a qualified production company's Alabama income tax liability shall be rebated to the qualified production company.

~~(h)~~(i) The department and the Commissioner of the Department of Revenue shall adopt rules necessary to administer this section."

"§41-7A-48

(a) ~~For the fiscal year ending September 30, 2009, the aggregate cap of incentives granted under this article shall not exceed five million dollars ($5,000,000) for all qualified production companies. For the fiscal year ending September 30, 2010, the aggregate cap of incentives granted under this article shall not exceed seven million five hundred thousand dollars ($7,500,000) for all qualified production companies. For fiscal years ending September 30, 2011, and September 30, 2012, the aggregate cap of incentives granted under this article shall not exceed ten million dollars ($10,000,000) for all qualified production companies. For the fiscal year ending September 30, 2013, the aggregate cap of incentives granted under this article shall not exceed fifteen million dollars ($15,000,000). For the fiscal year ending September 30, 2014, the aggregate cap of incentives granted under this article shall not exceed fifteen million dollars ($15,000,000) and for all subsequent fiscal years thereafter~~For the fiscal year ending September 30, 2015, through the fiscal year ending

September 30, 2025, the aggregate cap of incentives granted under this article shall not exceed twenty million dollars ($20,000,000) for all qualified production companies. For the fiscal year ending September 30, 2026, and all subsequent fiscal years, the aggregate cap of incentives granted under this article shall not exceed twenty-two million dollars ($22,000,000) for all qualified production expenditures.

(b) For the fiscal year ending September 30, 2026, and all subsequent fiscal years, two million dollars ($2,000,000) of the amounts in subsection (a) shall be reserved for music albums. In the event applications are not received and incentives are not allocated for music albums by July 1 of each year, the funds may be used for rebates to other qualified production companies.

(c) Any unspent incentives under this article in a fiscal year shall be carried over to the following fiscal year, provided that the total amount carried over in any fiscal year does not exceed three million dollars ($3,000,000).

(d) In addition to any reporting required by existing law for the Entertainment Industry Incentive Act of 2009, the Department of Commerce shall contract with an out-of-state entity to review and evaluate this program and report the findings to the Legislature by the 1st legislative day of the 2027 Regular Legislative Session."

Section 2. This act shall become effective on October 1, 2025.

President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB177
Senate 18-Mar-25
I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Amended and passed: 06-May-25

Senate concurred in House amendment 07-May-25

By: Senator Bell

APPROVED 5-14-2025

TIME 1:35 pm

Kay Ivey
GOVERNOR

Alabama Secretary Of State

Act Num....: 2025-414
Bill Num...: S-177

Recv'd 05/14/25 02:25pmKCW

ENGROSSED

177

'ONSOR

Bell

)-SPONSORS

	Gudger	19	Stutts
	Smitherman	20	Roberts
	Waggoner	21	
	Kelley	22	
	Stewart	23	
	Figures	24	
	Livingston	25	
	Price	26	
)	Singleton	27	
1	Chambliss	28	
2	Barfoot	29	
3	Allen	30	
4	Chesteen	31	
5	Sessions	32	
6	Butler	33	
7	Carnley	34	
8	Williams	35	

SENATE ACTION

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 177.

yeas 30 nays 0 abstain 0

PATRICK HARRIS,
Secretary

I hereby certify that the notice & proof is attached to the Bill, SB ______ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS,
Secretary

CONFERENCE COMMITTEE

Senate Conferees ______

HOUSE ACTION

DATE: 3.18 2025

RD 1 RFD CD+T

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on ______ was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed w/amend(s) ____ w/sub 1.
This 2nd [illegible] April 1, 20__.
______, Chairperson

5.1

DATE: 4.3 2025

RF [illegible] RD 2 CAL

DATE: 4-8 2025

RE-REFERRED ☑ RE-COMMITTED ☐

Committee WIME

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 177.

YEAS ______ NAYS ______

JOHN TREADWELL,
Clerk

FURTHER HOUSE ACTION (OVER)